

# Alternatives and Justification Analyses Guide

## Ports

### Introduction

One of the goals of the Office of Coastal Management (OCM) is to achieve a balance between conservation of coastal resources and development of the coastal zone. Development in the coastal zone is encouraged but avoidance of unnecessary impacts to coastal resources is essential in order to protect those resources for future generations. To accomplish this goal, OCM reviews every Coastal Use Permit (CUP) application with the objective of avoiding and/or minimizing adverse impacts wherever possible. Pursuant to La. RS 49:214.27.B and C., OCM uses the Coastal Use Guidelines, found in LAC Title 43, Part I, Chapter 7, Subpart B, §701-719, to determine the type of information needed to fully evaluate a particular use and the adverse impacts that must be avoided to the maximum extent practicable. All coastal uses must be in conformance with all applicable Coastal Use Guidelines in order to receive approval from OCM.

Part of these guidelines, §701.H, charges OCM with ensuring that the public benefits of a proposed coastal use clearly outweigh any adverse impacts to public resources resulting from that use. **Public benefits** include providing goods and/or services to users that currently do not have reasonable access to such goods and/or services, increasing permanent employment opportunities and increasing public revenues. **Coastal resources** include coastal waters, wetlands, fisheries, wildlife and unique ecological/coastal features such as ridges, cheniers, salt domes, beaches and dunes. These resources provide value to the public in the form of storm and flood protection, nursery grounds for commercial and recreational fishing, critical habitat for endangered species and improved water quality. Public resources also include existing structures and infrastructure. **Adverse impacts** are direct or indirect loss and/or negative alteration of a public resource as well as negative impact on concurrent and neighboring coastal users and include such things as increased intensity or frequency of flooding, accelerated erosion and salt water intrusion.

Review of a proposed coastal use using the Coastal Use Guidelines includes asking questions such as:

1. Can adverse impacts from a proposed use on coastal resources and/or user groups be avoided by moving the use to an area which results in less adverse impact to coastal resources and/or users?
2. If the use cannot be moved, can demand for the proposed goods and/or services in the area to which they will be introduced be documented?
3. If a use cannot be moved and demand can be demonstrated, can the use be redesigned/reconfigured, or can different methods be used to accomplish the use, which results in less damage to coastal resources?

To answer these questions, OCM requires that the applicant provide Alternatives, Justification, Drainage and Coastal Hazard Analyses in sufficient detail to demonstrate a thorough consideration of the respective subjects. In an effort to recognize the differences between

small and large projects, and/or low and high coastal resource impact projects, OCM has developed a tiered approach to Analysis development. Factors such as, but not limited to, the complexity of the development, surrounding land use, type and level of resource impact and coastal use objective(s) are used to determine the range of alternatives to be considered in the Alternatives Analysis and the information and level of detail required for the Justification, Drainage and Coastal Hazard Analyses. This guide was developed to assist applicants for Coastal Use Permits with determining, in general, the type of information and level of detail needed to fully evaluate a proposed coastal use's potential impacts and benefits and therefore its conformance with the Coastal Use Guidelines. Any combination of analyses may be required depending on the nature of the proposed coastal use and the potential adverse impacts that may occur from that use.

To fully evaluate a proposed coastal use's benefits and impacts, Alternatives and/or Justification Analyses are required during review of a use from which adverse impacts to coastal resources are, in OCM's opinion, likely to occur. The Alternatives Analysis should address several options for project siting that are compared equally for feasibility and will allow OCM to determine the least damaging feasible site for the proposed use. The Alternatives Analysis should provide documentation that clearly demonstrates that reasonable efforts were made to find less damaging sites and should provide an explanation for why each less damaging site was not feasible. The Alternatives Analysis also should address alternate site configuration, alternate methods of construction, and how adverse impacts to coastal resources will be minimized.

The Justification Analysis should include sufficient detail to clearly demonstrate demand for the proposed use and will allow OCM to determine the public need the proposed use. The Justification Analysis should explain the goods and/or services that the proposed coastal use will provide and include documentation that clearly demonstrates a public demand for, or public benefit resulting from, the proposed use. The analysis should provide enough information for OCM to determine that there is a reasonable chance that the project will be successful and not result in a situation where large scale destruction of resources is permitted for a project that fails economically, floods, causes flooding on adjacent areas or in some other way fails the public.

In general, the greater the resource or user group impacts, the more detail required for both the Alternatives and Justification Analyses. Using the information contained in these analyses, OCM can effectively evaluate the proposed coastal use's conformance with the applicable Coastal Use Guidelines (specifically §701.F.3, 5, 7, 8, 10, 13, 16 and 19; §701.G.2 and 6; §701.H; §701.I; and all applicable Use Specific Guidelines).

OCM defines a **port** as an industrial type, water-based cargo transfer facility and recognizes that ports are an integral part of commerce in coastal Louisiana and the rest of the nation. The intent of the Louisiana Coastal Resources Program is to achieve a balance between development and resource conservation; therefore, port facilities within the coastal zone of Louisiana should, to the maximum extent practicable, avoid or minimize adverse impacts to coastal resources.

Some proposed port activities do not require a Coastal Use Permit (CUP), as outlined in the Maintenance of Existing Facilities section below. The CUP program is a "self-regulating" program meaning that a potential applicant can make the determination that a CUP will not be

required. A written determination from our office is not required to perform the proposed activities. The downside of this, however, is that enforcement action can be taken if an activity undertaken without written OCM authorization is later determined by OCM to have required a Coastal Use Permit. For a written determination from OCM that a proposed activity does not require a CUP, OCM recommends submitting a Request for Determination (RFD) using the Joint Permit Application and stating the reason(s) why a CUP should not be required.

For proposed port development activities that require a CUP, Alternatives and Justification Analyses will be required when, in OCM's opinion, adverse impacts to coastal resources may occur due to development and/or operation of the proposed facilities. The level of detail necessary in the required Analyses will depend largely on the size and scope of the proposed development and the type and extent of adverse impacts to coastal resources. Project objective, site description, surrounding land use, infrastructure needs (roads, railroads, channels and slips, powerlines, sewerage, water, drainage, telecommunications) proximity to needed services (suppliers, transportation, support personnel), the development's effects on existing infrastructure and the environmental, social and economic benefits and impacts associated with the development must be addressed when preparing the required analyses. Proposed coastal uses involving new facility development will require more detailed analyses than proposed uses involving existing facility expansion and proposed uses involving existing facility maintenance. OCM encourages potential applicants to avoid adverse impacts to coastal resources to the maximum extent practicable and will provide assistance with identifying alternate sites and developing a Justification Analysis.

The goal of an Alternatives Analysis is to perform a fair and thorough consideration of feasible alternatives (configuration, scope, location) for a proposed port development, thereby ensuring that the site selected and methods of implementation will minimize adverse impacts to coastal resources to the maximum extent practicable. The goal of a Justification Analysis is to ensure that there is a public need and demand for the goods and/or services to be provided by the development.

The Louisiana Department of Transportation and Development (DOTD), Office of Multimodal Planning administers a Port Construction and Development Priority Program that provides eligible applicants with funding for new and existing port facility projects. The Port Program requires that all applicants submit an economic justification for the proposed activities in order to determine the cost/benefit ratio and rate of return on investment. If DOTD established thresholds are met for both of these criteria, the project can be determined to be eligible for funding by DOTD. OCM and DOTD have executed a Memorandum of Understanding that outlines coordination between OCM and DOTD with regard to Alternatives and Justification Analysis. This MOU (see Attachment 1 at the end of this document) allows OCM to use the results of DOTD review of economic justification for proposed port activities to reduce duplication of effort by the applicant.

## **DOTD Port Priority Program**

Much of the documentation required by DOTD can be used by OCM for Justification Analysis purposes. However, the Alternatives and Justification Analyses reviews done by OCM can result in changes that may require additional engineering and design and/or affect the total

cost of the project. Additionally, OCM is required to address beneficial use of dredged material (using dredged material to create wetlands) and compensatory mitigation for unavoidable adverse impacts to coastal resources, which also can add significantly to the total cost of the project. The trend in port projects has been to apply for funding first and regulatory permits second (i.e. after funding is obtained). In order to incorporate all changes necessitated by regulatory agency review, OCM and DOTD executed a Memorandum of Understanding (see attached) in which OCM and DOTD agree to encourage port applicants who wish to apply for DOTD Port Priority funding to hold a pre-application meeting with DOTD and OCM (other regulatory and resource agencies, including the U.S. Army Corps of Engineers, can be invited at the applicant's request) **prior to application for DOTD funding** in order to identify the least damaging alternative and address beneficial use of dredged material and compensatory mitigation. In this way, all project changes necessitated by regulatory agency review can be accounted for and incorporated into the funding request.

Part of the requirements for application to DOTD Port Priority Program is submission of an economic justification for the proposed activities. This economic justification is used to determine whether the project is eligible or ineligible for funding. A large portion of the information contained in the economic justification analysis used by DOTD is the same as that required in the OCM Justification Analysis. To reduce the duplication of effort that may be required in order to satisfy the justification requirements for DOTD and OCM, OCM will accept the "eligible for funding" determination from the DOTD Port Priority Program as documentation of project justification **ONLY IF** pre-funding application consultation with OCM is conducted.

If you would like to schedule a pre-application meeting to discuss the information required and efforts to be undertaken to minimize adverse impacts of proposed activities, please contact our office at (800) 267-4019 or [OCMinfo@la.gov](mailto:OCMinfo@la.gov). If no pre-funding application meeting is held, OCM will require a full Justification Analysis as outlined in the following sections. Additionally, failure to include in the funding request to DOTD additional costs associated with minimization of impacts, beneficial use of dredged material and compensatory mitigation will not be adequate justification for more damaging alternatives or waivers of OCM requirements.

## Maintenance of Existing Facilities

Maintenance of existing facilities includes activities such as maintenance dredging of existing port slips, canals and channels and the disposal of the dredged material; repair and/or replacement of existing bulkheading, mooring structures, docks, piers and wharves; installation of new bulkheading along existing, occupied port banklines; and repair or replacement of existing buildings, roads, parking areas, storage areas and staging areas within the existing port facility. Please note that, in some cases, normal repairs and the rehabilitation, replacement or maintenance of existing structures do not require a Coastal Use Permit provided that:

1. the structure or work was lawfully in existence, currently serviceable, and in active use during the year preceding the repair, replacement or maintenance; and
2. the repair or maintenance does not result in an encroachment into a wetland area greater than that of the previous structure or work; and
3. the repair or maintenance does not involve dredge or fill activities; and

4. the repair or maintenance does not result in a structure or facility that is significantly different in magnitude or function from the original.

Maintenance activities that do not qualify for the above exemption will require a Coastal Use Permit and if, in OCM's opinion, adverse impacts to coastal resources may occur, will require brief Alternatives and Justification Analyses as outlined below. Please note that an exemption determination from OCM is exclusive to OCM and does not relieve the applicant from obtaining other local, state or federal permits, as required by law.

## **Alternatives Analysis**

OCM recognizes that maintenance activities have a limited range of alternatives; therefore, the Alternatives Analysis need not address alternate sites. The Analysis instead should address alternate methods or configurations of implementation that minimize adverse impacts to coastal resources to the maximum extent practicable. The Alternatives Analysis should be a narrative that includes an explanation of the nature and objectives of the proposed maintenance activity(ies); an identification and discussion of any available feasible options for the proposed activity that minimize adverse impacts to coastal resources; and an explanation of why less damaging feasible options were not selected.

## **Justification Analysis**

The Justification Analysis should be a narrative that clearly explains the reason(s) for the proposed activity(ies) and the consequences of not implementing the proposed activity(ies).

## **Expansion of Existing Facilities**

Expansion of existing facilities includes extension and/or widening of existing port slips, canals and channels; excavation of new slips, canals and channels; expansion of existing infrastructure (roads, railways, utilities, bulkheading outside of occupied port areas); expansion of existing dock facilities; and expansion of existing parking, staging, storage, and/or office areas. Expansion activities that, in OCM's opinion, have adverse impacts on coastal resources will require Alternatives and Justification Analyses as outlined below.

## **Alternatives Analysis**

As with maintenance of existing facilities, OCM recognizes that expansion activities have a limited range of alternatives therefore, the Alternatives Analysis need not address alternate sites outside of existing port property, or proposed port property if part of a written port master plan. The Alternatives Analysis instead should address alternate locations within existing or proposed port property as well as methods or configurations of implementation that minimize adverse impacts to coastal resources to the maximum extent practicable. The Alternatives Analysis should include the following:

1. A narrative explaining the project objective(s) and identifying the proposed features required to meet the objective(s). The narrative also should identify any project objectives or features that may limit the range of alternatives to be considered.

2. A map showing the extent of existing and proposed port property and delineating developed and undeveloped areas. The map also should indicate the location of all sites considered within the existing and/or proposed port property.
3. A description of each site considered. Include general topography, water/wetland features, habitat type(s) present, if known, and an estimate of impact to each type of habitat.
4. A narrative explaining the reasons for the elimination of each site considered but not selected for development. Please note that the factors used to compare each site should be identified and should be consistent among sites.

## **Justification Analysis**

The Justification Analysis for port expansion activities must demonstrate the need for the enhanced goods and/or services to be provided by the expansion. The level of documentation needed depends on the type and level of adverse impact to coastal resources; the lower the level of resource impact, the lower the level of documentation required in the Analysis. The Analysis should include a narrative explaining the enhanced goods and/or services to be provided by the expansion and the consequences of not implementing the proposed expansion. Please note that, if the expansion area is expected to be leased to a tenant which does not specialize in cargo movement, the Analysis should focus on the tenant's business and not the port's cargo. A market analysis done for other purposes, such as to secure financing for the proposed expansion, can be used as the Justification Analysis if it provides a clear indication of the need for the expansion (see also DOTD Port Priority Program section above).

If the expansion is proposed in an area without an existing tenant, the Analysis should include documentation supporting the need for the new goods and/or services to be provided by the expansion. Documentation should include:

1. A list of prospective tenants (indicate if confidential). If tenants are to be located at the waterfront, sufficient reasons have to be provided that such a location is critical to their operations.
2. Letters of commitment from users (indicate if confidential). Discuss whether commitments have already been made in terms of investments and planning and what other assurances (for example, executed lease agreements) are available to the port that the commitments will be met.
3. A narrative explaining the expected net benefits from implementation of the proposed expansion activities. The term "net benefits" means the difference in the benefits to be derived "with the project" and those to be derived "without the project". For example, when port improvements are implemented, there is usually a higher level of facility costs, mostly for construction. This is offset by the benefits including a reduced level of other costs (vessel operating costs, cargo handling costs, maintenance costs, etc.). There may also be an increase in economic activities, improved (or worsened) environmental consequences, etc. All of these benefits are relative, i.e., they are based

on the spread between what would happen with the new project vs. what would happen without the new project. The difference is the net benefits to be derived.

The narrative may include information regarding revenues with and without the project, the number of permanent jobs created or existing jobs saved, identification of any alteration of shipping costs with and without the project and any other benefits that may be realized by implementation of the expansion activities. For projects with more than 5 acres of adverse coastal resource impacts, supporting documentation should be included and presented in a way that clearly demonstrates the need for the proposed development.

If the expansion is done to increase the capacity of an existing tenant, the Analysis should include documentation supporting the need for the increased capacity. Documentation can include:

1. A narrative explaining the existing capacity of the tenant and the reasons for the need for increased capacity. Supporting data should be included and presented in a way that clearly demonstrates the need for the proposed development.
2. Letters of commitment from users (indicate if confidential). Discuss whether commitments have already been made in terms of investments and planning and what other assurances (for example, executed lease agreements) are available to the port that the commitments will be met.

## New Port Facilities

A new port facility includes development of any industrial-type water-based cargo transfer facility where none currently exists. Extensive Alternatives and Justification Analyses are required for these types of developments when, in OCM's opinion, adverse impacts to coastal resources are likely to occur. The Alternatives Analysis should demonstrate an earnest effort to locate the facility in an area that avoids and minimizes adverse impacts to coastal resources to the maximum extent practicable. The Justification Analysis should demonstrate clearly that the proposed goods and/or services are needed in the region, state and/or nation and that the facility will have an overall public benefit.

Secondary impacts to coastal resources that may be necessary but fall outside the scope of the proposed development also must be considered as part of the overall development project. Secondary impacts include, but are not limited to, the construction of power, water, sewer, cable, internet and telephone lines as well as roads or access channels which are located outside of the footprint of the development site but are necessary to connect the development to existing infrastructure. These secondary impacts may be permitted separately, but because they are dependent on the development project and vice versa, the potential impacts associated with them must be evaluated as part of the whole project.

Because the level of detail required in the Justification Analysis depends largely on the type and level of surrounding land use and the type and level of coastal resource impacts, **alternative sites should be addressed first**. All feasible sites, as defined below, should be considered and the least damaging site selected as the preferred site. Once the site has been

selected, justification of the project should be prepared for that site. Please keep in mind that the type of information and level of detail required for the Justification Analysis, as requested by the OCM Permit Analyst, are dependent on the level of resource impact, type and extent of surrounding land use and the size of the development. These parameters may change depending on the location, scope and configuration of the development ultimately determined to be the least damaging. Please check with your OCM Permit Analyst to determine if the level of detail originally requested still is required. OCM encourages potential port applicants to hold pre-application coordination meetings with the regulatory and resource agencies (see DOTD Port Priority Program above). These meetings can be used to identify potential alternate sites and outline information that should be included in the Justification Analysis. To arrange a pre-application meeting, please contact our office at [OCMinfo@la.gov](mailto:OCMinfo@la.gov) or 800-267-4019.

## **Alternatives Analysis**

**Feasible alternate locations** for new port facilities should include adequately sized parcels of land within the general geographic area of the proposed facility that have, *or can be reasonably provided with*, water access and can support the main objective(s) of the development. Project objective(s), surrounding land use, total project impact, secondary impacts and type and extent of coastal resource impacts should be considered when selecting feasible alternative sites.

Feasible sites can be identified using current aerial photography. Landowners can be identified through clerk of court records and contacted to determine availability of the land for purchase. Local newspapers also provide a source of available real estate offerings. A drive-by search for lots posted for sale in the general development vicinity also can be an effective method of finding available sites. Several websites offer listings of large tracts of land (see "Available Sources" below). Multiple Listing Real Estate Searches (MLS) also can be used to determine the availability of property in the development area. MLS results provided for site identification purposes must include the parameters used for the search. If no alternate sites can be identified, documentation demonstrating such (e.g. letters of refusal from landowners to sell property or documentation of attempts to contact for purchase, MLS or other real estate search method resulting in no matches - include search parameters and full results; aerial photos showing no available undeveloped land, etc.) must be provided.

Documentation that clearly demonstrates that each parcel was compared equally and explains why less damaging parcels were eliminated will be required. Documentation that supports the reasons for elimination should be included with the analysis. All alternate sites and the preferred site must be compared using, at a minimum, the factors identified below. If other factors not identified by OCM are used to compare sites, please define those factors and explain how they were used to evaluate each site.

The scope of the project and the type and extent of adverse impacts to coastal resource will determine the range of alternatives to be considered. Reasonable alternatives include those that are practical or feasible from the technical and economic standpoint. Developments that involve less than 20% resource impact versus total project impact should consider a minimum of two alternate sites. Developments that involve more than 20% coastal resource impact versus total project impact, or developments that involve more than 10 acres of coastal resource impact should consider a minimum of four alternate sites. Please be advised that



OCM reserves the right to suggest consideration of other sites not identified by the applicant. The following information should be provided for each site considered.

1. Define the project objective(s) and identify the proposed features required to meet the objective(s). Identify any project objectives that may limit the range of alternatives to be considered.
2. Identify, on a map, the location of each site considered for development. If less than the above specified minimum alternate locations were identified, provide an explanation of why and the efforts made to find alternate sites.
3. Describe each site considered. Include parcel size relative to development size, general topography and water/wetland features, habitat type(s) present, if known, and estimate of impact to each. If access to the property is limited or unavailable, explain the limitations and provide any information that can be gained about the site. Identify any limiting factors and explain how those factors limit development.
4. Identify the availability and capacity of existing infrastructure (roads, utilities, water, sewer, etc.). Describe any new infrastructure required.
5. Provide a narrative explaining the reasons for the elimination of each site considered but not selected for development. Please note that the factors used to compare each site should be identified and should be consistent among sites.
6. Describe the surrounding land use within one (1) mile of each site considered. Radius should extend from the outside boundaries of the proposed development. Include type and extent of existing use and any planned future uses, if known.
7. Identify the current zoning of the site and indicate if any zoning variances will be required prior to development.
8. New port projects often create operational bottlenecks in supporting infrastructure such as access roads, warehouses, and yard spaces. Identify all the components necessary to derive the benefits stated. Go from a logical terminus, through the port to another logical terminus. For example, the discussion of the necessary project components may begin in the Gulf, go through the navigational channels to the port, unload at the port, reload at the port onto a railroad car, and from the rail spur to a main line. A trucking operation may terminate at a state highway that is capable of handling the added traffic satisfactorily. Indicate whether these components are existing or proposed. For all existing components, discuss the adequacy of the components.
9. Explain how the use will affect existing infrastructure, including evacuation and identify any additional permits required (ex. DOTD driveway permit).
10. Secondary impacts that may be necessary but fall outside the scope of the proposed development also must be considered as part of the overall development project. Secondary impacts include, but are not limited to, the construction of power, water, sewer, cable, internet and telephone lines as well as roads or access channels to which the development will be connected with existing infrastructure. These secondary

impacts may be permitted separately, but because they are dependent on the development project and vice versa, the impacts associated with them must be evaluated as part of the whole project. Describe any secondary infrastructure that may be required to service the development. Include location and/or route of the needed infrastructure and type and extent of impacts associated with installation of that infrastructure. For all proposed components, indicate what is proposed, by whom, when, and what is the estimated cost. Verifying documentation should be included.

Once the least damaging feasible site has been identified, alternate configurations/methods and/or reduction in scope should be considered in an attempt to avoid or minimize adverse impacts on coastal resources at the selected site.

## **Justification Analysis**

Once adverse impacts to coastal resources have been avoided to the maximum extent practicable through the Alternatives Analysis process outlined above, justification for the project at the selected site must be demonstrated. The below items must be addressed when developing a Justification Analysis for new Port developments. Please note that a market analysis done for other reasons, such as to secure financial backing for the proposed development, can be used as the Justification Analysis if the below information is addressed within that analysis (see also DOTD Port Priority Program below).

- 1. Demonstration of Need for Project:** Provide a demonstration of the need for the project and supply supporting documentation. This portion of the Analysis is extremely important. Most of the information provided in this section consists of forecasts and estimates. Therefore, sufficient attention should be given to adequately communicate and document the need for the proposed port project through detailed market analyses and commitments by port users to utilize the project facilities.
- 2. Market Analyses:** Forecast the industries and cargo which will use the project for the next ten (10) years. List the types of cargo and volumes expected, along with the market analysis and estimate of the market share. Cargo forecasts and market analyses must be complete with detailed underlying assumptions and justifications. If cargo forecasts exceed historical trends, provide justification in terms of significant economic and technological developments occurring in the ports service area. If the port facility is in response to increased demand from new industries locating in the area, these location decisions have to be substantiated by comparative cost analyses.

If the port or a portion of the port is expected to be leased to a tenant which does not specialize in cargo movement, then the market analyses is done for the tenant's business and not the port's cargo. This also applies to the following: Extrapolation from past trends, Diverted cargo, Generated Cargo, Origins and Destinations, and Cargo Handling Revenue.

- a. Extrapolation From Past Trends:** The simplest method of cargo forecasting is to extrapolate from past trends, making whatever adjustments that may be necessary to take into account changes that are likely to modify these trends. National projections for waterborne commerce, by major commodity types, can be used. These growth estimates are to be used to forecast traffic growth unless

adequate justification is provided to support any deviation. If a particular commodity is not included, then use the total waterborne commerce trend.

- b. ***Diverted Cargo:*** Cargo may be diverted to a port facility either from other modes of transportation or from other routes. As cargo diversion can occur due to cost differentials in competing modes or routes, comparative cost studies must be presented to justify these cargo flows. If cargo diversion occurs due to establishment of new industries at the waterfront, these location decisions have to be analyzed and justified.
  - c. ***Generated Cargo:*** New industrial and agricultural developments in an area can increase output and these developments may translate into new traffic. In such cases, these sources must be identified and new cargo must be analyzed in terms of volumes, origins and destinations. The total traffic generated must be distributed to different transport modes based on cost considerations.
  - d. ***Origins/Destinations:*** Identify the major origins, routes, and destinations of the forecasted cargos which will use the project. Indicate what route the goods would move if the project is not built. Would the cargo be routed to another facility at the port, via another port in Louisiana, via a port outside of Louisiana, or via a non-water transport means?
3. **Industrial Development:** What new industrial development would result from the project; without the project, where would this development otherwise occur?
4. **Prospective Industrial Tenants:** List prospective industrial tenants and indicate if confidential. If tenants are to be located at the waterfront, provide sufficient reasons why such a location is critical to their operations.
5. **Letters of Commitment:** Include letters of commitment from users and indicate if confidential. Discuss whether commitments have already been made in terms of investments and planning and what other assurances (for example, executed lease agreements) are available to the port that the commitments will be met.
6. **Determination of Benefits:**

Benefits from the proposed project will be evaluated from the taxpayer's point of view and the port's point of view. All of the benefits will not be derived until the investment for the total project has been made and all of the necessary components are adequate.

Estimating these benefits is a key element in the Analysis. Sufficient attention should be given to substantiate procedures adopted in quantifying benefits and in providing supporting documents. Overall, benefit estimates should be logical, verifiable, and based on sound judgment and acceptable industry norms. Claimed benefits will be adjusted to conform to industry norms unless adequate justification is provided.

In order to determine adequate justification for the proposed activities, it is necessary to have a clear understanding of the project's expected net benefits. The term "net

benefits" means the difference in the benefits to be derived "with the project" and those to be derived "without the project".

For example, when port facilities are constructed, there is usually a higher level of facility costs, mostly for construction. This is offset by the benefits including a reduced level of other costs (vessel operating costs, cargo handling costs, maintenance costs, etc.). There may also be an increase in economic activities, improved (or worsened) environmental consequences, etc.

All of these benefits are relative, i.e., they are based on the spread between what would happen with the new project vs. what would happen without the new project. In other words, to determine the benefits, it is necessary to evaluate the cargo flow projection, transportation cost savings, impact on other Louisiana ports, etc., without the project as well as with the project. Only then can the costs and gains under both scenarios be compared. The difference is the net benefits to be derived.

- a. **Number of Jobs:** Indicate the number of permanent new jobs that would be created and/or existing jobs saved from implementing the project. How many of these jobs are port related and how many are industrial jobs, what is the total payroll for each; without the project, where would these jobs otherwise be created? Do not include temporary jobs created by construction activities. The estimate of number of new jobs created shall conform to industry norms such as capital investment/worker and volume of cargo handled/worker and number of employees per firm. If jobs are displaced elsewhere in the state, these jobs shall be subtracted from the jobs created or saved by the project.
- b. **Shipping Costs:** If the proposed project will alter shipping costs, identify these costs with and without the project. Cost estimates should conform to general industry norms.
- c. **Other Benefits:** Identify any other benefits that would result from the project.
- d. **Benefits-Costs Tabulation:** Tabulate the project's benefits and costs over the project's life. Remember that all the benefits will not be derived until all of the components are implemented and are adequate.

## 7. Impacts of Implementing Proposed Project:

An assessment of the impacts associated with the implementation of the proposed project shall be submitted. The economic, environmental, and other impacts shall be identified. A detailed environmental assessment is recommended.

The economic impacts may be indicated by the number of permanent jobs created or saved and the annual payroll resulting from the proposed port improvement. This information is reported in Section 7, "Determination of Benefits to the State".

If a potential risk of flooding is created for the surrounding or downstream area, a hydrologic study to assess the flooding or drainage impacts of the project may be required (see Drainage Analysis guide).

The environmental impacts shall be identified as to the effects on the following:

- Water Quality
- Habitat Modification
- Fish and Wildlife Resources
- Cultural, Historical and Archeological features

Any other impact(s) shall also be identified. The impact of the proposed project on other ports in the state, (e.g., diversion of cargoes or industrial activities, etc., from other state's ports) shall be stated.

If the project is expected to generate over 100 inbound and outbound trips in an hour or more than 750 trips a day then a traffic impact study with comments from the Metropolitan Planning Organization and/or the Regional Planning Commission is required. Said study is to identify adverse impacts on the transportation network and to mitigate negative impacts.

The assessment is to indicate whether the impacts are short-term or long-term, direct or indirect, and adverse or beneficial. Applicants may seek comments from appropriate state and federal agencies.

- 8. Other Factors:** Discuss other factors not addressed above that may justify the proposed project.

## Available Sources

### Real Estate Data

Real estate information can be obtained from realtors and/or building associations in the development area. Multiple Listing Searches provide a listing of all available parcels of land that meet criteria specified by the searcher and can be performed by real estate agents and/or online. The search results will provide a picture of the current real estate stock and the demand on that stock as well as assist in identifying the availability of feasible alternatives. Please note that documentation and data gathered for other purposes, such as to obtain financial backing or to attract development partners, that demonstrate the demand or need for the proposed development also can be included as part of the Justification Analysis.

The following websites also may be useful sources of information:

<http://louisianalandsource.com/>  
[http://www.westslopeproperties.com/land\\_sale/?filter=LA](http://www.westslopeproperties.com/land_sale/?filter=LA)  
[http://www.landwatch.com/Louisiana\\_land\\_for\\_sale](http://www.landwatch.com/Louisiana_land_for_sale)  
<http://www.landandfarm.com/>  
<http://www.landsofamerica.com/america/?Search=region>  
<http://www.unitedcountry.com/realestate/search-state/index.htm>  
<http://www.farmlandsearch.com/view.aspx?sc=louisiana&p=0-8-0>

<http://www.wredcoland.com/Default>  
<http://www.ldaf.state.la.us/portal/News/MarketBulletinCurrent/tabid/165/Default.aspx>

## **Economic Data**

The US Army Corps of Engineers offers waterborne commerce statistics at <http://www.ndc.iwr.usace.army.mil/wcsc/wcsc.htm>.

The US Bureau of Labor Statistics (<http://www.bls.gov/>) and the US Census Bureau (<http://www.census.gov/econ/>) offer employment statistics.

The LA DOTD, Port Priority Program offers several reference manuals and documents. The “PortRule 2008” document details how to determine the benefits/economics for a port program project and can be found at <http://www.dotd.la.gov/multimodal/portpriority/>.

Much of this document is taken from the *Louisiana Port Construction and Development Priority Program Rules and Regulations* version dated June 2008. The Office of Coastal Management appreciates the cooperation and assistance of the Louisiana Department of Transportation and Development.

# **Attachment 1**

## **MEMORANDUM OF UNDERSTANDING**

### **BY AND BETWEEN**

**LOUISIANA DEPARTMENT OF TRANSPORTATION AND  
DEVELOPMENT  
OFFICE OF MULTIMODAL PLANNING  
(Hereinafter referred to as “DOTD”)**

### **AND**

**LOUISIANA DEPARTMENT OF NATURAL RESOURCES  
OFFICE OF COASTAL MANAGEMENT  
(Hereinafter referred to as “OCM”)**

**WHEREAS**, the State and Local Coastal Resources Management Act of 1978 (“Act”) establishes that it is the policy of the State to: Protect, develop, and where feasible, restore or enhance the resources of the state’s coastal zone; Enhance opportunities for the use and enjoyment of the recreational values of the coastal zone; Support and encourage multiple uses of the coastal resources consistent with the maintenance and enhancement of the renewable resource management and productivity; and Provide for adequate economic growth and development with the minimization of adverse effects of one resource use upon another (La. R.S. 49:214.22); and

**WHEREAS**, a regulatory framework was developed pursuant to those policies and the Department of Natural Resources was given the responsibility to administer the review and permitting of activities occurring in the coastal zone of Louisiana (La. R.S. 49:214.26); and

**WHEREAS**, a specific purpose of the Coastal Management permit process is to ensure timely and predictable decisions on permit applications (La. R.S. 49:214.27(C)(7)); and

**WHEREAS**, the Louisiana Constitution provides that the DOTD has the authority to coordinate and assist in the Port’s infrastructure development; and

**WHEREAS**, it has been demonstrated with a working group of cooperating agency and port personnel, that multi-agency pre-application meetings can reduce permitting delays and costs associated with a permit application; AND

**WHEREAS**, it is the purpose of this Memorandum of Understanding between the Louisiana Department of Natural Resources, Office of Coastal Management (OCM) and the Louisiana Department of Transportation and Development, Port Priority Program (DOTD) to establish a process to coordinate applications for port improvement activities occurring within the coastal zone of Louisiana, as defined in RS 49.214.24.

**NOW THEREFORE**, In order to assist OCM and DOTD in meeting their respective lawful responsibilities, reduce conflicting decisions, eliminate duplication of effort, expedite application processing and assure conformity of action with the Louisiana Coastal Resources Program, **IT IS AGREED THAT:**

- 1) OCM and DOTD will encourage port applicants located within the coastal zone of Louisiana to initiate interagency coordination with OCM, DOTD and other interested regulatory and/or resource agencies prior to application for funding from DOTD or application for a Coastal Use Permit from OCM. This pre-application coordination will include, but not be limited to, a discussion of the project features; possible alternative approaches, configurations or sitings that would result in a reduction in adverse impacts to coastal resources; beneficial use of dredged material; and mitigation requirements as outlined in LAC 43:I.723 and 724. The coordination meeting will 1) provide the port applicant with the information necessary to develop proposed activities such that project modifications necessary to ensure conformity with the LCRP are identified early and can be incorporated into project design and cost estimates prior to application for funding; and 2) provides OCM an opportunity to review the proposed activities and suggest alternatives to project design and/or siting that minimize adverse impacts to coastal resources, as required by the LCRP. Follow up pre-application meetings may be necessary depending on the complexity of the issues raised during the initial meeting, and will be determined on a case-by case basis.
- 2) For port improvement activities which have undergone the above described pre-application coordination, the economic justification review done by DOTD during the normal process of application review for funding will serve as economic justification review for OCM. DOTD shall forward to OCM, upon completion of economic justification review, a document indicating eligibility status for funding for the proposed port activities. A determination of “eligible for funding” from DOTD shall be interpreted by OCM as demonstrating adequate economic justification for adverse impacts to coastal resources that may result from the proposed port activities. Pre-application meetings referenced in Section 1 above will be utilized to ensure that adverse impacts to coastal resources are avoided and/or minimized to the extent practicable. Be advised it could take three months after an Application to the DOTD Port Priority Program is submitted to have an approved construction program. A determination of “ineligible for funding” by DOTD shall be interpreted by OCM as lacking adequate documentation necessary to demonstrate justification for adverse impacts to coastal resources that may result from the proposed port activities. Projects classified as “ineligible for funding” may still be considered for regulatory permit authorization, but the justification and needs will be reviewed under the OCM program guidelines.
- 3) For the purposes of beneficial use of dredged material, OCM considers the placement of dredge material for building property for Port expansion and development a beneficial



use provided that the use of the dredged material is in conformance with the Port's plan of development and serves the public purpose.

- 4) OCM will work with the Ports and DOTD to complete a public notice ready draft OCM General Permit for routine port maintenance and improvement activities within 90 days of the effective date of this Memorandum of Understanding. That process will include specifying the types of activities to be authorized and implementing procedures for obtaining such authorization. This General Permit will allow expedited review of Coastal Use Permit applications for covered port activities. OCM and DOTD will collaborate with the U.S. Army Corps of Engineers to facilitate Corps timely approval of items along federally maintained navigation channels.

**IN WITNESS WHEREOF**, this Memorandum of Understanding has been signed in duplicate originals by the undersigned duly authorized representatives, in the presence of the undersigned competent witnesses, on the dates indicated below.

To view the signed document, [click here](#).